

You Just Came Into a Pile of Money, Where to Start?

Christopher F. Poch, Private Wealth Advisor

In 33 years as an advisor, I regularly encounter people coming into the unfamiliar responsibility of overseeing significant wealth. This can be from selling a business or inheriting wealth. For illustration sake, let's go with the assumption it is more than \$5 million, maybe a lot more. The question that looms large is: where do I start?

"It's always best to start at the beginning."

Glinda the Good Witch, Wizard of Oz

In order to start you need to know where you are, where you want to go, and then how to get there. Don't jump right into the investments. Start with a personal financial statement.

A Personal Financial Statement is a Document, Not a \$10 Million House or \$300k Car

The temptation is to splurge, and that is OK, within reason. Just be sure you don't take on too much too soon and end up with headaches and hassles from a collection of assets that may quickly feel like liabilities.

Down the road you will need to think about how to protect these assets from spurious claims, former partners or spouses, managers, employees, etc. Depending upon the amount of publicity surrounding the liquidity event, you may be targeted for theft, cyber-attacks, etc. For now, just getting the basic paperwork is enough.

Cash Flow is King

Your CPA can prepare your personal financial statement (PFS) or you can do it yourself on a simple spreadsheet. This is to determine how much cash you can expect to generate to support your lifestyle, and to keep your expenses in line. Your PFS should include your assets, liabilities, and net worth. It is helpful if the assets are broken down by legal owner. For the liquid assets, also note where they are held. The important thing is to know what you have, who controls it, and where it is custodied.

Do I Need a Financial Plan?

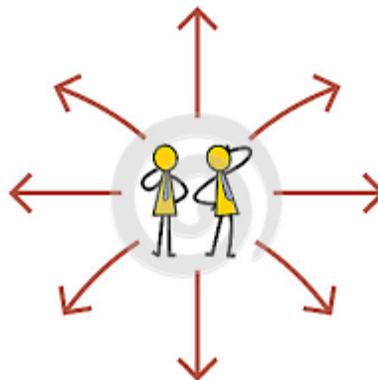
Yes, I believe that we all do, but at this stage it doesn't have to be formal or in great detail. Too

many people start the financial planning process only to abandon it because the time involved was more than they expected. To start, you only need to know the basics:

1. How much money you need to do what you want.
2. From where the cash will come.

Locate Important Documents

These include your wills, estate plans, powers of attorney, medical proxies, final directives, etc. Know the locations of insurance policies, company ownership agreements, partnership documents, and trust paperwork. You will want to revisit these with your advisors soon, but this is good for now.



Family First, Finances Follow

Any serious discussion about managing wealth has to start with its larger purpose and that invariably begins with your family. From my perspective, accumulating financial assets is not the ultimate goal. Financial assets are tools to help accomplish personal goals.

I encourage you to spend 30 minutes with your spouse or partner and write down your thoughts to get alignment with each other. This step is powerful and very important, yet it is surprising how infrequently it is done.

Each Person Should List:

- Values, philosophies, or beliefs. What do you want your grandchildren to know about you?
- Life and family goals
- Financial goals
- Community of philanthropic goals

Compare notes and work toward a common list for your family. This conversation should help assure you are starting on the same page, heading in the same direction, and are happy about where you end up. When you are in agreement, the rest of the process goes more smoothly.

With your goals aligned, you can better know what you need to do. Congratulations, this put you far ahead of most people. The question to ask now is: Should I seek a wealth advisor to help me do all of this or do I want to do it alone?

Using a Wealth Advisor or Going it Alone

Questions to ask:

- How can you alleviate the majority of the hassles associated with managing wealth?
- Do you have a network of industry-leading professionals so I won't have to vet dozens of people personally?
- Can you help me think about asset allocation outside of stocks, bonds and liquid investments? Real estate? Investments in private companies?
- What experience do you have with specialty items such as art advisory and curatorial management, kidnap and ransom insurance, collections, offshore trust and tax, private placement insurance, dynasty trusts?
- Will I earn above average investment returns? (This is a bit of a trick question. Be leery of advisors who exude too much confidence about beating the stock market. It is hard to do.)

Hire an Experienced Wealth Advisor

To me, it is a no brainer. Engaging a qualified advisor to assist you oversee and manage your families wealth will save you thousands of hours and almost certainly lots of money.

**Unsolicited Advice:
Happiness and Striving for Success**

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Priorities and to-do lists, goals and action plans, schedules and milestones fill our days and our lives. Our lists can seem endless and the demands on our time can be overwhelming. Is that what we were seeking when we started pursuing our life and career ambitions? It seldom is. So what do we do? Let's start by defining success.

Define success. Most people think about success as being connected with their family and community, feeling secure about the future, and having the time and resources to help others. So how do we achieve this amid the hectic day-to-day? A few thoughts to consider:

a. Start each day being grateful for the people we have in our lives. This brings peace and balance to our thinking. It also conditions our mind to see the good and even the benefits of setbacks.

b. Focus on the important things that will bring great joy when they are realized. Odds are high you will focus on your family first and somewhere down the list will come your finances.

c. Write letters to your spouse, family, friends, children to let them know how much you love and appreciate them. It is a gift that will far out last a lifetime.

Is this all there is?

These findings apply to most situations, but not to all. A body of knowledge has been acquired through thousands of interactions with employees, managers, and executives. Further details are reserved exclusively for clients.

Christopher F. Poch, Private Wealth Advisor is the author of numerous articles and publications on investing. He has managed international private banking units, advised billionaires and heads of state, has been the chief executive of a trust company, and founded the industry leading UHNW platform.

Mr. Poch advises private clients and family offices.

christopher.f.poch@morganstanleypwm.com

1850 K St. NW, Suite 900

Washington, DC 20006

w. 202-862-2861

m. 202-557-8801

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